

**FINANCE COMMITTEE MEETING
WEDNESDAY, JULY 29, 2009 @ 6:30 PM**

ITEM #1

Bond Authorization for DPW Flood Control Repair Project

ITEM #2

Impose a local meals excise tax

ITEM #3

Impose an increase in the room occupancy excise rate to 6 percent

ITEM #4

ORDERED THAT the City of Chicopee seek an independent outside audit to access any outstanding claims and liabilities owed to the city through the Veterans Services Office.

ITEM #5

Minutes



CHICOPEE CITY COUNCIL
FINANCE COMMITTEE

ACCEPTED 8-31-09

MEMBERS

William Zaskey, Chairman
Shane Brooks, Vice-Chairman
James Tillotson
George Moreau
Dino Brunetti
John Vieau
Fred Krampits

MINUTES
July 29, 2009

The following are the minutes of a public hearing held Wednesday, July 29, 2009 at 6:30 PM in the City Council Chambers, Fourth Floor, City Hall Annex, 274 Front Street, Chicopee, MA 01013.

Members Present

Zaskey, Brooks, Tillotson, Brunetti, Krampits

Absent

Vieau, Moreau

Also Present

Stan Kulig (DPW Superintendent), Kevin Corridan (Assistant City Solicitor), Tom Hamel (Chief Operator), Sharyn Riley (City Auditor)

The meeting was called to order at 6:30 PM

ITEM #1

Bond Authorization for DPW Flood Control Repair Project

Ordered that \$1,300,000.00 is appropriated for Engineering services in connection with the certification by the Federal Emergency Management Agency (FEMA) of the City's Flood Control System; that to meet this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$1,300,000 under Chapter 44 of the General Laws or any other enabling authority; and that the Mayor is authorized to take any other action necessary to carry out this project.

Stanley Kulig provided the following information:

"FEMA is scheduled to publish the final flood maps in June 2010. Chicopee levee's system has already been removed from the draft flood insurance rate maps. As it stands now, the June 2010 maps will show flood plains as if there were no levees at all in the City. To change these draft FIRMS (Flood Insurance Rate Maps), we must submit certification data by January 2010. The certification process usually takes about eight (8) months, so we are already behind schedule, but could possibly meet the January deadline if we start work now and maximize our efforts. The estimated cost to do the engineering for the FEMA certification is \$1.3 million. Even if the City does not meet the January 2010 certification deadline, FEMA will re-map at a later date once certification materials/data are finally received. However, the process to change the FIRMS would take a minimum of 18 months and homeowners/businesses will be liable for higher flood insurance rates in the interim.

If the City does not complete the FEMA certification process, property owners in the flood zone could be paying flood insurance up to \$2,500/year. Properties that are mortgaged will certainly be required to have flood insurance, and could pay increased rates. We have been told that banks will be

notified of the change to the FIRMS, and will probably start notifying mortgage holders of flood insurance requirements this October. There is some relatively good news, though. If property owners purchase flood insurance by the end of 2009 through the National Flood Insurance Program, they can be "grandfathered" at the old rates which will stay in effect no matter what the new maps indicate. I believe it is important for the City to take the proactive step in notifying all property owners in the flood zone of this grandfathering provision. If rate payers take advantage of these lower grandfathered rates, the collective savings in annual premium across the flood zone properties could approach \$2 million. It is estimated that the average cost of flood insurance at the old rates would be \$300-\$400 per year as opposed to the \$2,500."

Committee members stated that they want all property owners effected by this to be notified in writing. Stanley stated that it will be done.

Councilor Brooks stated that he would like to see a prioritized list of various city projects so that the right decision can be made.

Stanley stated that some work can and is being done by DPW crews.

Public Input

Melvin Brown, 56 Roy Street, stated that instead of bonding the money should be taken from the Stabilization Account.

Committee recommends:

- City be responsible to notify homeowners in the flood plain
- In addition all future projects for bonding should be placed in order of importance prior to the committee considering any future borrowing.

Committee vote 5 – 0 favorable.

ITEM #2

ORDERED THAT the City Council acting under the provisions of Massachusetts General Laws, the City Charter, and every power and authority it thereunto enabling, hereby impose the local room occupancy excise under MGL c. 64G section 3A at the rate of 6 percent. Whereas, the general court has enacted Massachusetts General Laws Chapter 64G, Section 3A, which allows cities and towns to impose an increase in the room occupancy excise rate to 6 percent to supplement the local aid received by the Commonwealth of Massachusetts; and whereas, said act also provides for "local acceptance" by the local legislative body and our form of government requires the approval of the City Council and the Mayor.

Dinesh Patel, 357 Burnett Road, Econo Lodge, stated that he opposes the tax increase. He stated that currently the city is at 12.45 %. 2.75% is designated as the Mass Mutual Convention Center tax, in which hotels in Chicopee have received no business from in the past nine years. Mass Mutual owns its own hotel which receives the business from the convention center.

Hershal Patel, Days Inn & Hampton Inn stated that he and his father oppose the tax because of the already high taxes guests are charged.

A letter was presented from the Chicopee Hotels Associates that stated the opposition of this proposed tax.

Sandra Hofstetter, Manager of Days Inn & Hampton Inn stated that Chicopee is not benefiting from the Convention Center tax.

Gail Sherman stated that the Convention Center Tax was instated when the center was being built and there was a shortfall. To her understanding this tax should no longer be charged.

Sharyn Riley and Gail Sherman will investigate the Convention Tax issue and whether guests should still be charged this rate.

Motion made Councilor Brooks to table for more information. Motion passed.

ITEM #3

ORDERED THAT the City Council acting under the provisions of Massachusetts General Laws, the City Charter, and every power and authority it thereunto enabling, hereby impose the local room occupancy excise under MGL c. 64L section 2A to impose a local meals excise tax. Whereas, the general court has enacted Massachusetts General Laws Chapter 64L, Section 2A, which allows cities and towns to impose an increase in the local meals totaling .75 percent to supplement the local aid received by the Commonwealth of Massachusetts; and whereas, said act also provides for "local acceptance" by the local legislative body and our form of government requires the approval of the City Council and the Mayor.

Public Input

Mike, Lucky Strike Restaurant, stated that Chicopee is financially in good shape. So, why impose this meals tax now.

Motion made by Councilor Tillotson to table for more information. Motion passed.

ITEM #4

ORDERED THAT the City of Chicopee seek an independent audit to access any outstanding claims and liabilities owed to the city through the Veterans Services Office.

Sharyn stated that the actually figure is around \$90,000 and it dates back to the 1970s. She also stated that if in fact money is owed it is owed to the state not the City. Scanlon performs an audit of this department every year. The city will not hire an additional auditor to perform an audit of this department.

Councilor Brooks stated that the \$300,000 owed that was mentioned in the papers was just a headline grabber.

Motion made to table until an audit is received. Motion passed.

ITEM #5

Minutes – April 15, 2009, June 16, 2009, and July 9, 2009

Motion made to accept all the minutes. Motion passed.

Meeting adjourned at 7:46 PM.